

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: IES UTILITIES INC.	DOCKET NOS. WRU-99-40-151 ARC-01-150, ARC-01-151 (EAC-01-7)
----------------------------------	--

**ORDER GRANTING INTERVENTION, REQUEST FOR PERMISSION TO APPEAR,
AND DEFERRING OBJECTIONS TO ARC PROCEEDINGS**

(Issued April 17, 2001)

On March 28, 2001, the Iowa Consumers Coalition (ICC) filed with the Utilities Board (Board) a petition to intervene, request for permission to appear, and objection in Docket No. WRU-99-40-151. ICC filed the appearance of Iowa counsel on April 2, 2001. The Consumer Advocate Division of the Department of Justice (Consumer Advocate) on April 4, 2001, filed a response to the petition to intervene and objection.

The ICC currently consists of six large energy customers that purchase electricity from IES Utilities Inc. (IES): Case Corporation, Federal Mogul Corporation, Great River Health Systems, PPG Industries, Inc., United States Gypsum Company, and Vista Bakery, Inc. The ICC states that its members' interests are impacted by the adder to IES' energy adjustment clause for the months of April, May, and June 2001 and that the ICC's interests are not adequately represented by any other party to the proceeding. Consumer Advocate's response said it had no objection to ICC's intervention. No objections to the petition to intervene were filed.

The Board will grant the petition to intervene. ICC has alleged an interest in this proceeding that is not currently represented. Accompanying the petition were requests for permission to appear filed by James M. Bushee and Daniel J. Oginsky. Mr. Bushee and Mr. Oginsky are admitted to practice law in Texas, Michigan, and the District of Columbia, but not Iowa. Mr. Bushee and Mr. Oginsky filed on April 2, 2001, the appearance of Iowa counsel for purposes of service of process pursuant to Iowa Supreme Court rule 116. The requests for permission to appear will also be granted.

The ICC objected to IES' proposal, filed with the Board on March 13, 2001, that added \$0.008 for April and May and \$0.004 for June to IES' monthly EAC. The Board approved the proposed adder on March 26, 2001, noting that without the adder, a significant undercollection problem would get worse and the final charges would fall on customers who did not use IES' service during the time when costs were high. The Board noted it was issuing the order on an expedited basis and said any objections would be addressed subsequently.

The ICC's primary objection is that IES is being allowed to recover EAC underrecoveries without addressing any of the underlying causes or the reasonableness of the costs. The ICC also objects to the amount and the use of an adder. Consumer Advocate in its response said the ICC "correctly questions the reasons why the huge undercollections have and will occur." Consumer Advocate further states that this and other matters will be investigated in Docket Nos. ARC-01-150 and ARC-01-151, which will address, among other things, issues

concerning IES' and Interstate Power Company's joint fuel procurement policy.

Consumer Advocate suggests this proceeding be consolidated with the ARC dockets and that the ICC be granted intervenor status in the ARC dockets without any additional filing.

The Board will defer consideration of the larger issues raised by the ICC to the ARC dockets and will grant the ICC intervenor status in those dockets without making an additional filing. The Board recognizes the EAC adder presents a burden for all customers. However, further delays in collecting these increasing undercollections could lead to generational inequities among different customers and even more severe rate shock. The Board will not modify its March 26, 2001, order to eliminate or reduce the adder. If in the ARC proceedings the Board finds some of the costs incurred by IES were imprudent, the Board has the authority to order a refund.

IT IS THEREFORE ORDERED:

1. The petition to intervene filed by the Iowa Consumers Coalition on March 28, 2001, is granted. In addition, the Iowa Consumers Coalition is granted intervenor status in Docket Nos. ARC-01-150 and ARC-01-151. If ICC chooses not to be intervenor in these dockets, it should notify the Board prior to making a filing in the dockets.

2. The requests for permission to appear filed by James M. Bushee and Daniel J. Oginsky are granted as to all three dockets.

3. The objection filed by the Iowa Consumers Coalition on March 28, 2001, is deferred to the extent discussed in the body of this order and will be considered by the Board at the appropriate time in Docket Nos. ARC-01-150 and ARC-01-151.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Judi K. Cooper
Acting Executive Secretary

/s/ Diane Munns

Dated at Des Moines, Iowa, this 17th day of April, 2001.